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OVERSIGHT HEARING ON FEDERAL IMPACT AID

COMPLETED
ORIGINAL

HEARING

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, D.C., ON APRIL 21, 1982

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OVERSIGHT HEARING ON FEDERAL IMPACT AID

WEDNESDAY, APRIL 21, 1982

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY AND
VOCATIONAL EDUCATION OF THE
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the subcommittee) presiding.

Members present: Representatives Perkins and Kildee.

Staff present: John F. Jennings, counsel; Nancy L. Kober, legislative specialist; and Richard DiEugenio, minority legislative associate.

Chairman PERKINS. The Subcommittee on Elementary, Secondary, and Vocational Education is conducting a hearing today on the Federal impact aid programs.

As a result of last year's budget actions, school assistance to federally affected areas was slashed almost 40 percent, down to $456 million. Now, for fiscal year 1983, the President proposes cutting impact aid another 36 percent, down to $287 million. The administration's proposal includes no payments for category B students, whose parents either live or work on Federal property.

We hope the witnesses today can tell us the ramifications of these recommendations for their school districts.

We want you to discuss the situation today in your school districts. I understand that Congressman Parris, the first witness, is late, so we will take the panel first. But if he comes in, we will interrupt you for a moment.

Mr. Thomas Bobo, associate superintendent, Montgomery Public Schools, Montgomery, Ala.; Mr. Glen Barnes, Todd County Schools, Mission, S. Dak.; Dr. David Fish, director, special Projects, San Diego Unified School District, San Diego, Calif. Go ahead, Mr. Bobo.

STATEMENT OF THOMAS BOBO, ASSOCIATE SUPERINTENDENT, MONTGOMERY PUBLIC SCHOOLS, MONTGOMERY, ALA.

Mr. BOBO. Thank you. Congressmen, we appreciate you having these hearings and giving us an opportunity to speak today on the impact aid program. I come from Montgomery, Ala., and am the associate superintendent there, and also represent the National Association of Federally Impact Schools.

It is the opinion of the membership that the Federal Government has a clear and direct obligation to assist financially in the educational process of students who are federally connected. Our local education system is very pleased to have the federally connected students, the A's and the B's are with us. However, it does cost a great deal to educate the children there.

We feel like the Federal Government should pay its fair share, particularly for the B student. I believe in the total program of 874 and all of its ramifications that we've had through the years.

The present administration recognizes the obligation of the A student somewhat. However, the amount of funding provided for these students has been decreasing in recent years. As I understand it, at the present time, they are paying 86 percent for fiscal year 1981 A payments, and 75 percent for fiscal year 1981 B payments, and as you stated earlier, the B payments will be phased out in time.

If the district's average daily attendance is 20 percent or more in the B payment category, then you only receive 30 percent. In our case alone—and I want to talk for a little bit about that—we have 6,690 B students. Of our ADA, that 6,690, we have 19.49 percent of B students. Of course, by that small number, then we fall below the 20-percent level and we are paid a lesser amount.

Our ADA for Montgomery is $31,869. By being a large system and having a large number of B students, we still do not get up to the 20 percent. However, we have a large number, I think, of all categories or a goodly number of categories of impact aid students. We have 531 A students whose parents live on base. B military students, we have 1,849—approximately 2,000. We have approximately 2,000 B civilians, and we have approximately 3,000 public housing students in Montgomery. That's 7,201 federally connected students that are in our public school system. That's 23 percent of our ADA and our ADM, our average daily membership, is 34,000.

The students of military personnel deserve a quality education, one that provides a good education for those students. We are constantly receiving letters, particularly from this area here, and really from all over the country for military personnel that ask about our public school system. In order for them to come to our area, they are interested in their children receiving a quality program. We are credited under the Southern Association of Colleges and Schools. That's the accrediting agency for our section of the country, and by being an accredited school system, this means that it is something that we can compare with other school systems across the country.

By being an accredited school system—and this is something that we use our Federal dollars to achieve the accreditation standards that we have, we do this at a cost per child in our system which we think is quite low, and we feel that our people are getting a bargain at this, of $1,421 per child.

That, I think, is a real bargain for our people. Our test scores are something that we are very pleased about. According to the California achievement test, our children rank in the national norm. They are above grade level. They are on grade level or above grade level in all areas, in all grade levels in this area.

Now, the children—the 34,000 that we have, we feel like this is a major accomplishment. This is something that we can tell the military when they come into our system, and they can see that we do have a quality school system.

The accreditation of the Montgomery Public School System, in providing a quality school system, we feel like must be maintained, but this cannot be maintained unless we have the Federal impact dollars coming in to make up the difference, and this is something that I want to talk a great deal about today, and I have a chart here that shows the difference of the local amount of money. We have a sales tax in our system that comes directly for the accreditation standards, and with the half-cent sales tax that our own people pay and with the dollars that we get for impact aid for approximately 7,000 impact students, it makes it possible for us to have an accredited school system, and I feel like a quality education system.

We have over 3,000 public housing students in Montgomery. In my opinion, public housing is not evenly distributed across the United States. We are pleased about the public housing that we do have. It is needed in our area, but many people move into the public housing from surrounding areas and surrounding States, for that matter, and the children in public housing must be educated.

We do know that many of the public housing children that are in our area are also title I children, and I have testified before your committee on that and am very pleased to do so.

Also in the lunch program, I'm very pleased to talk about that, but in order for us to have buildings and the facilities that we have to have to carry system we need the impact aid funds—the general revenue that goes into the general fund for the upkeep of this. I have a chart in here that shows many of our buildings, providing classrooms, the age of them, and the maintenance that we have to have to maintain the buildings in our system.

Over the years in Montgomery, we have received approximately $1,300,000 per year of impact aid funds. This money, of course, has gone into maintaining our buildings and providing an accredited school system, not only for our own children, but also for the military.

It is anticipatd that the impact aid funds for this year and Montgomery County will be $530,000. We are losing this year, Congressman, $900,000 in Montgomery County for the Montgomery Public School System.

We will lose, I think $900,000. This is going to put our accreditation in jeopardy and I don't see how we can continue on down this road without losing perhaps our accreditation or something happening here.

So we are in very much difficulty concerning the loss of the impact aid funds, particularly the B students.

The reauthorization, I think, of the B students is very vital. We can consider all types of the program to be one of great importance in our area. I would like to plead with this committee to consider the reauthorization of the B students. All aspects of the program we do totally support.

Congressmen, we appreciate your doing this, having this hearing and giving us the opportunity to speak here today. I'll be glad to answer your questions.

Chairman PERKINS. All right. Thank you. We will hear from the entire panel before we ask you questions. Without objection, your entire statement will be placed in the record.

[The prepared statement of Thomas Bobo follows:]

PREPARED STATEMENT OF THOMAS BOBO, ASSOCIATE SUPERINTENDENT, MONTGOMERY PUBLIC SCHOOLS, MONTGOMERY, ALA.

Mr. Chairman, it is a pleasure for me to be here today as a representative of the National Association of Federally Impacted Schools and as Associate Superintendent of the Montgomery Public School System, Montgomery, Alabama. I am grateful for this opportunity to express my views, the views of the Association and those of the Montgomery Public School System.

It is the opinion of the membership that the Federal Government has a clear and direct obligation to assist financially in the educational process of students who are Federally connected. Federally connected students are those designated as A and B under the Public Law 81-874. This law has been on the books, as you well know, for many years. The present Administration has shown great hesitance in meeting federal obligations in this area; however, the Congress has assumed the responsibility of meeting the federal obligation of assisting in the education of students who are, because of being federally connected, a burden to a local school system. We do not consider educating a federally connected child an unpleasant burden; however, we must face facts and admit that it requires a great expenditure of money. Most local education units are indeed pleased to have the military community and the students of military personnel; however, P. L. 874 has been in the past the Federal Government's way of paying its share of local support to educate the federally connected child. I believe in the total program of P. L. 874. I would, therefore, urge this committee to reauthorize the B students for funding.

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The present Administration recognizes the obligation of the A students; however, the amount of funding provided for these students has been decreasing in recent years. At present, the Administration is paying, according to my understanding, 86% of FY 81 A payments; 75% of FY 81 B payments if the district's Average Daily Attencance (ADA) is 20% or more in the B category; but only 30% if the ADA is less than 20% in the B category.

I do not understand this decrease in payments. I come from a school system that has 6,690 B students with an ADA of B students of 6213.67, which is 19.49% of the Montgomery Public School System's ADA of 31,869.27. A further breakdown of the Montgomery Public School System's Federally connected students is as follows:

A students	531
(Students whose parents work and live on federal property)	
B military students	1849
(Students whose parents are in uniformed services stationed anywhere)	
B civilian students	1866
(Students whose civilian parents work on federal property and live in the community)	
B public housing students	2952
(Students who live in Federal low rent housing projects or have parents working on low rent housing projects)	
TOTAL FEDERALLY CONNECTED STUDENTS	7201

23% of ADA 31,869.27, ADM 34,314

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The students of military personnel deserve a quality school system, one that will provide a good education for these students. We constantly receive letters of inquiries about the public school program from federally connected parents who are moving to the Montgomery area. Our public schools are accredited by the Southern Association of Colleges and Schools, the accreditation agency for our section of the country. This is provided in the Montgomery Public School System with an average per pupil cost of $1,421.00. One can see that we put our limited dollars to good use from the test scores achieved by our students on the California Achievement Test. A summary of Montgomery Public School System's mean scores from the California Achievement Test administered in the spring of 1981 shows our students, on every grade level tested and in every subject area tested, to be on or above national norms (See Attachment #1). The accreditation of the Montgomery Public School System cannot be maintained with the decrease in revenues which we are now receiving (See Attachment #2).

The Montgomery Public School System has 2,955 public housing students. In my opinion, public housing is not uniformly distributed across the United States. Though we are pleased to have public housing, the children of parents living in public housing must be educated. It is a fact that many of these children receive Title I services; however, as we all know, Title I is categorical. A school system must have funds for operating cost and funds to provide space and upkeep of its public buildings (See Attachment #3).

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The Montgomery Public School System received in Impact Aid funds:

1977-78	-	*$ 1,463,061*
1978-79	-	*1,187,851*
1979-80	-	*1,420,687*
1980-81	-	*1,450,745*

(See Attachment #4)

It is anticipated that the Impact Aid funds for 1981-82 coming to the Montgomery Public School System will be only $530,291.26. This is a decrease of approximately $900,000.00. The Montgomery Public School System cannot sustain such a loss (See Attachment #5 - 10). I urge this committee to reauthorize B students. This reauthorization is vital to all public school systems such as Montgomery's. We consider the entirety of P. L. 874 essential.

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ATTACHMENT 1

Montgomery Public Schools
California Achievement Test Results
Summary of System Mean Scores
Spring, 1981

Grade	Reading	Math	English	Spelling	System Total Battery	National Norms	System Compared With National Norms
1	1.8	1.9	1.8	Not Tested	1.8	1.7	1 month above
2	2.8	3.2	3.3	3.2	3.1	2.7	4 months above
4	4.9	5.1	6.0	5.9	5.2	4.7	5 months above
5	6.3	6.4	7.8	7.1	6.5	5.7	8 months above
7	8.0	8.0	8.4	9.5	8.0	7.7	3 months above
8	8.7	8.7	9.2	9.5	8.8	8.7	1 month above
10	10.7	11.1	12.3	11.5	11.0	10.7	3 months above
11	11.9	12.5	12.9	12.5	12.9	11.7	1 yr. 2 r above

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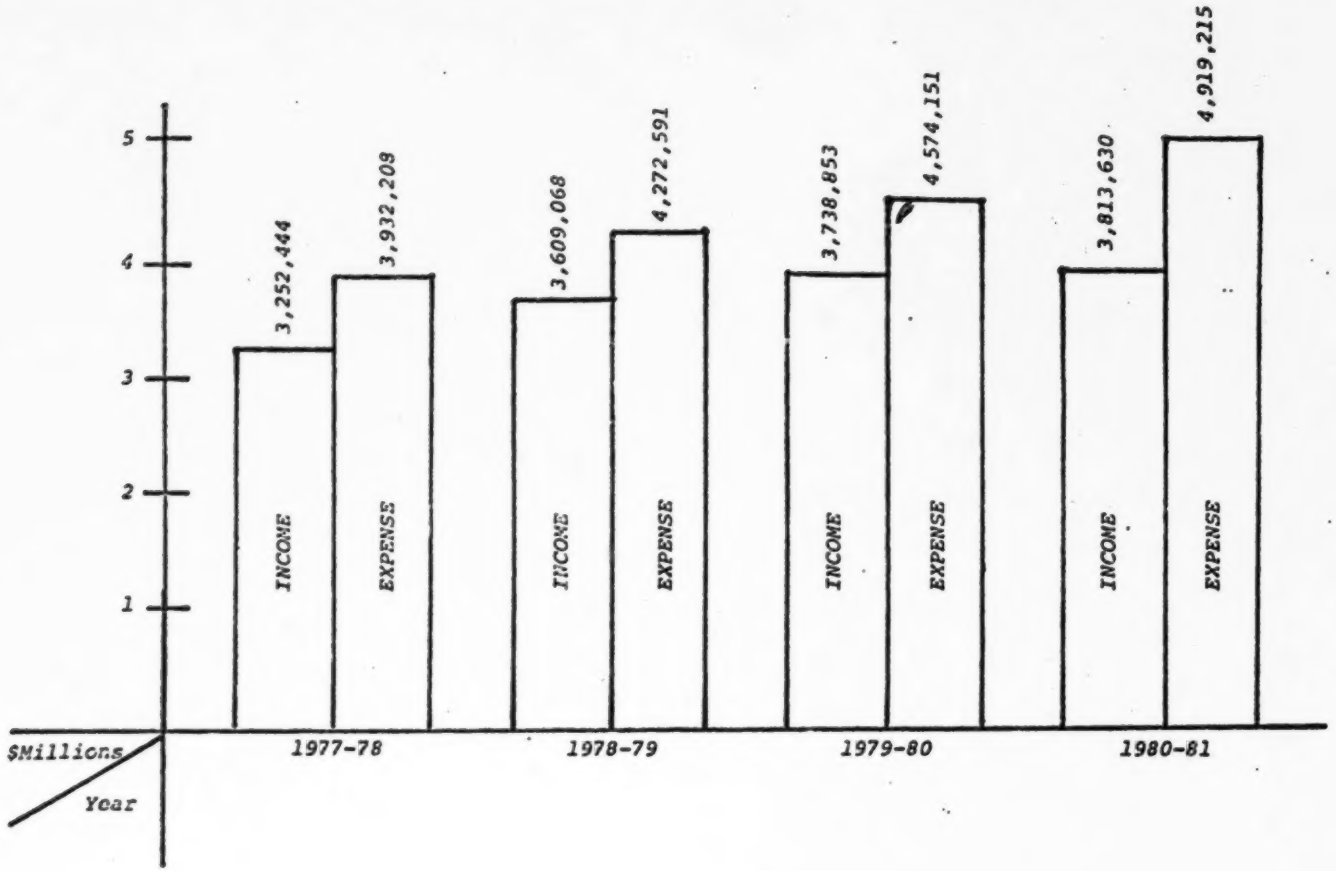
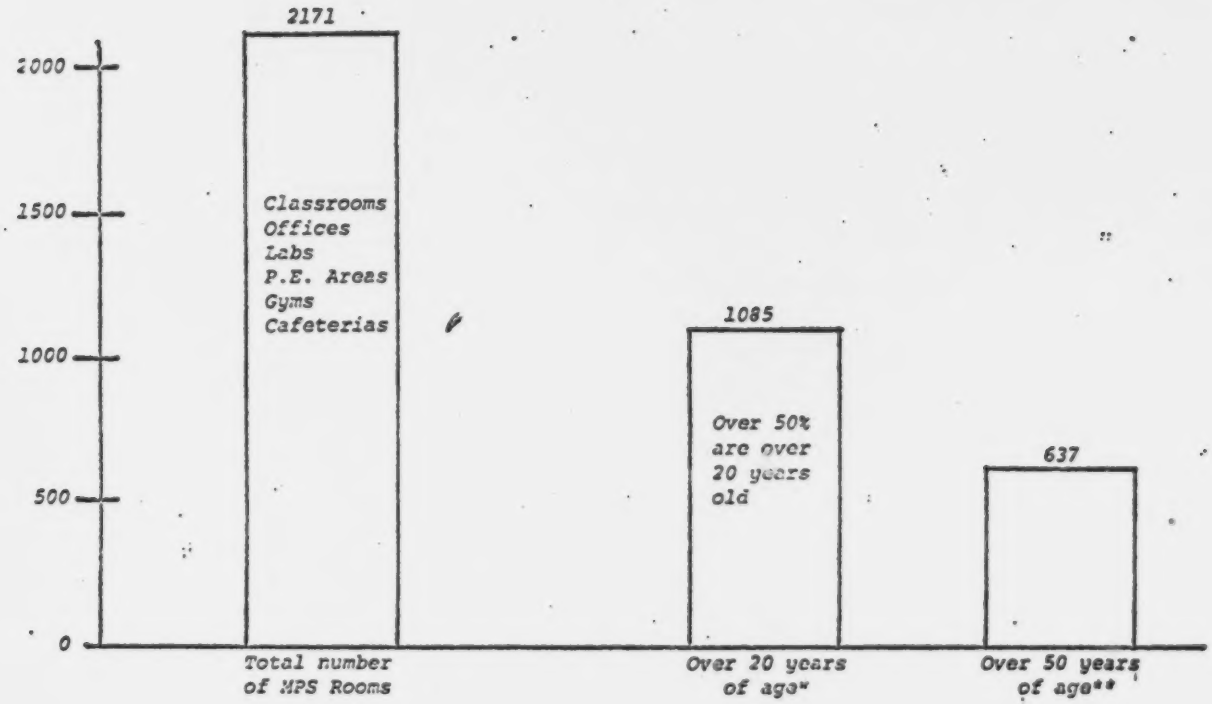
INCOME FROM 1/2¢ SALES TAX AND ACCREDITATION EXPENSES



ATTACHMENT 2

BUILDINGS AND CLASSROOMS



ATTACHMENT 3

* Of those over 20 years old -- 50% are over 50 years old.

** 29% of all classrooms are over 50 years old.

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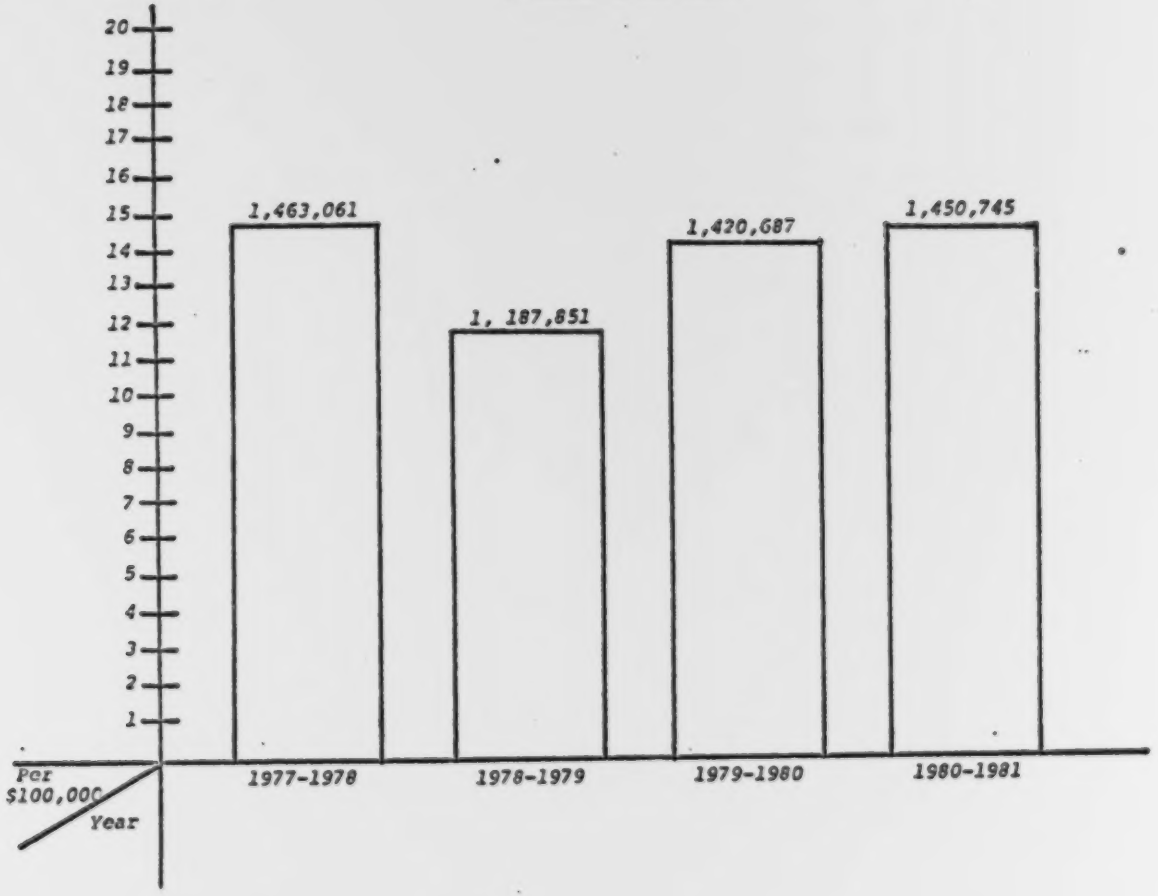
IMPACT AID FUNDS



ATTACHMENT 4

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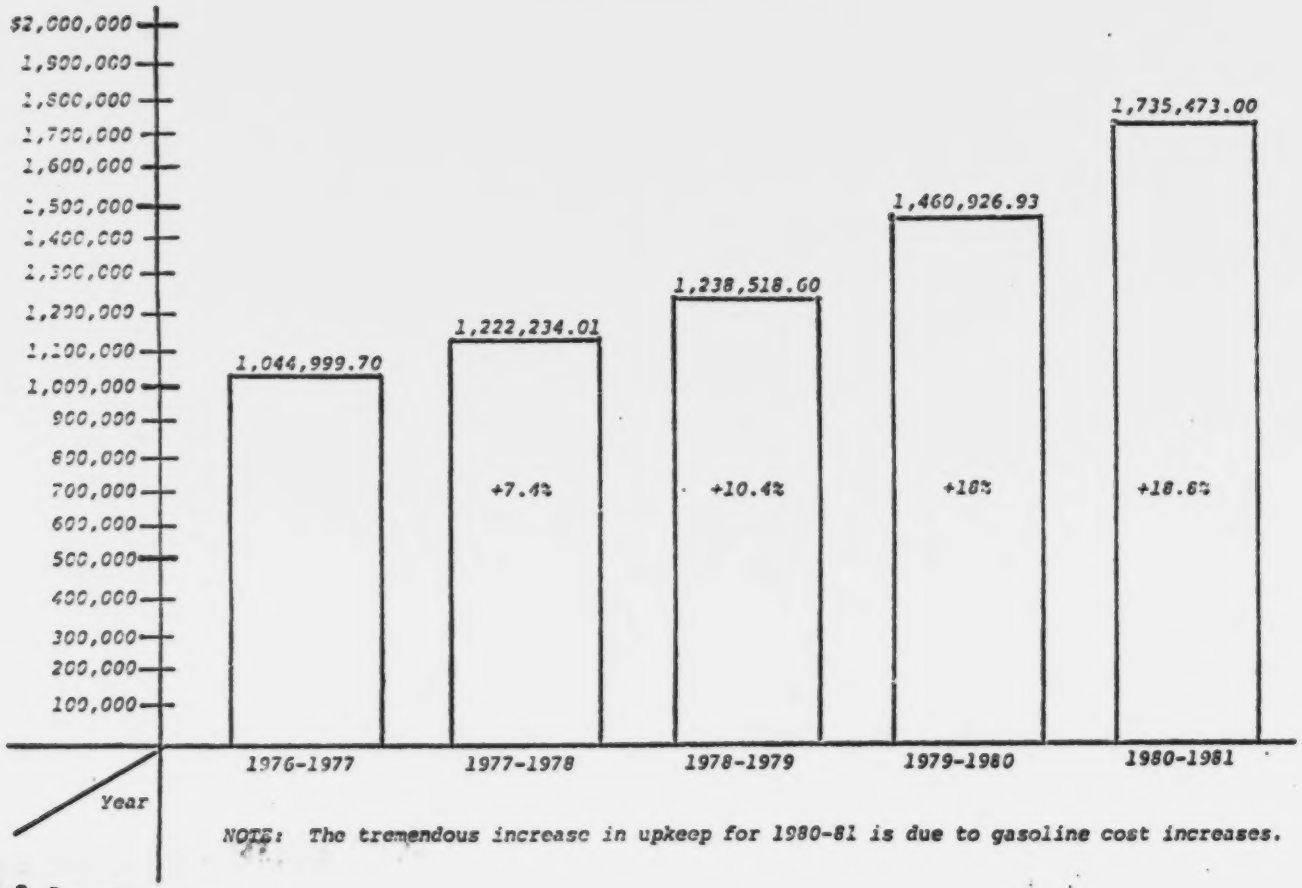
TRANSPORTATION COSTS



NOTE: The tremendous increase in upkeep for 1980-81 is due to gasoline cost increases.

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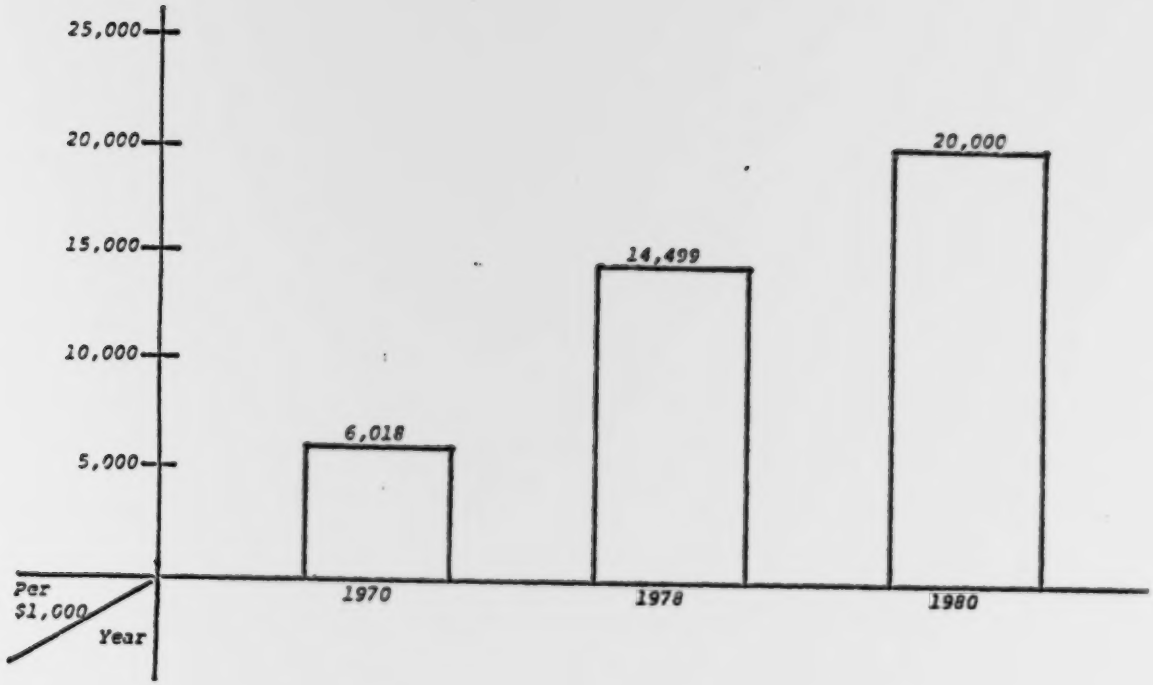
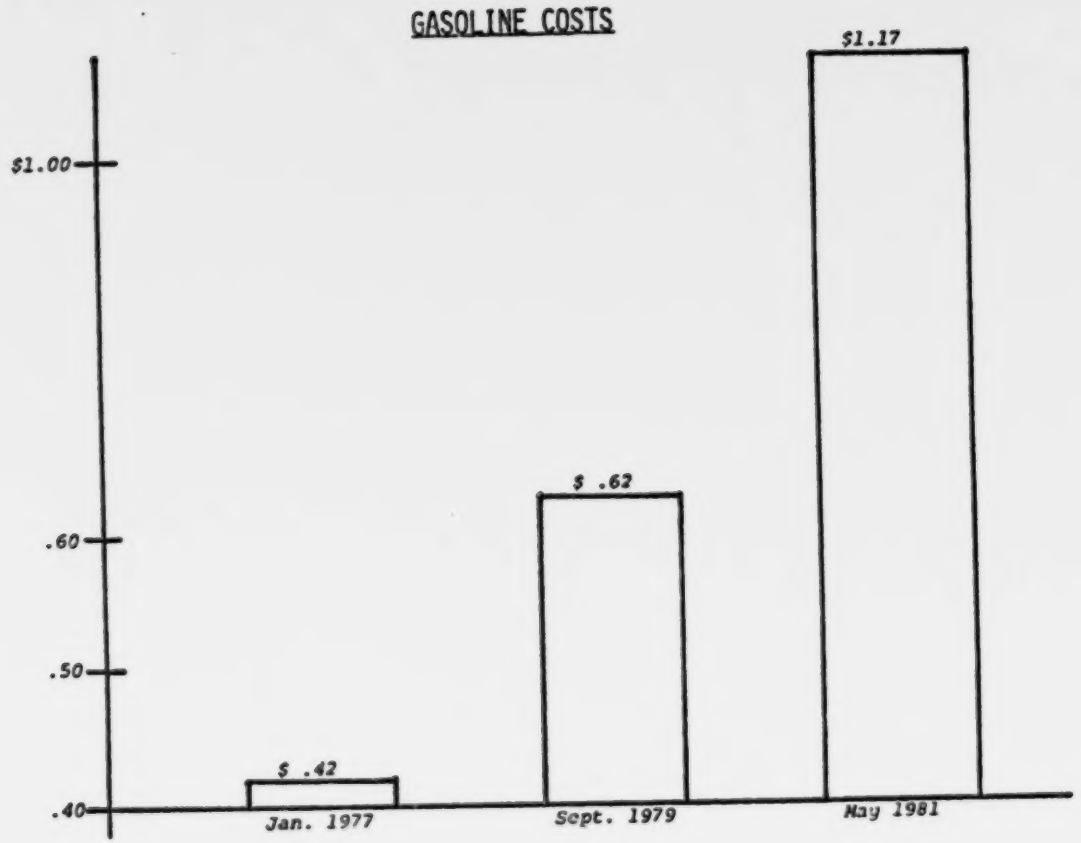
BUS COST



ATTACHMENT 6



ATTACHMENT 7

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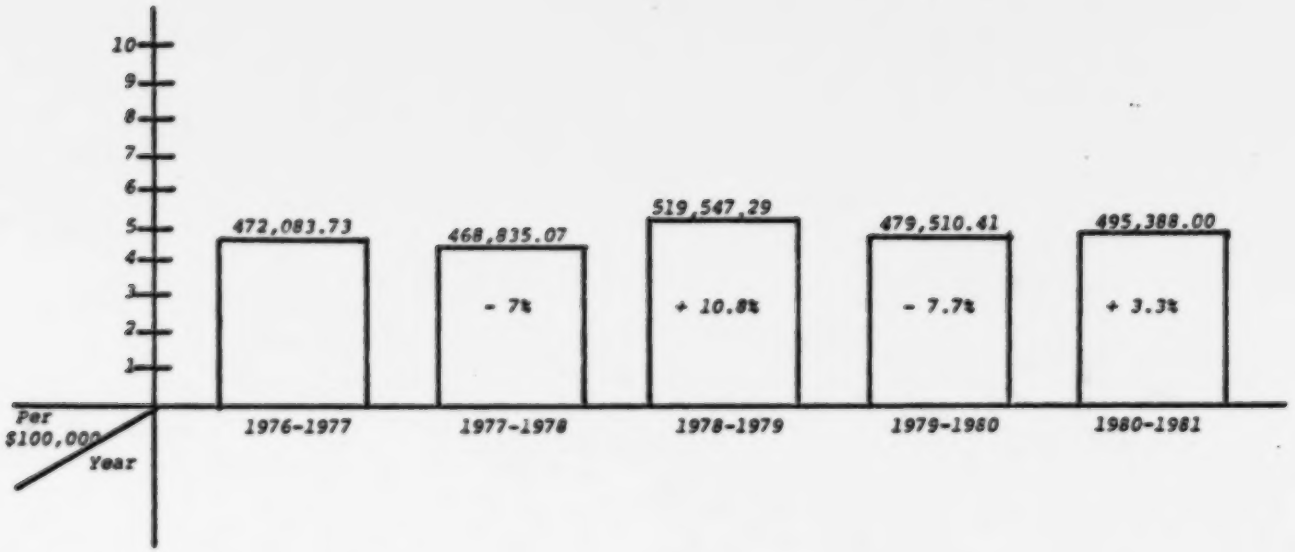
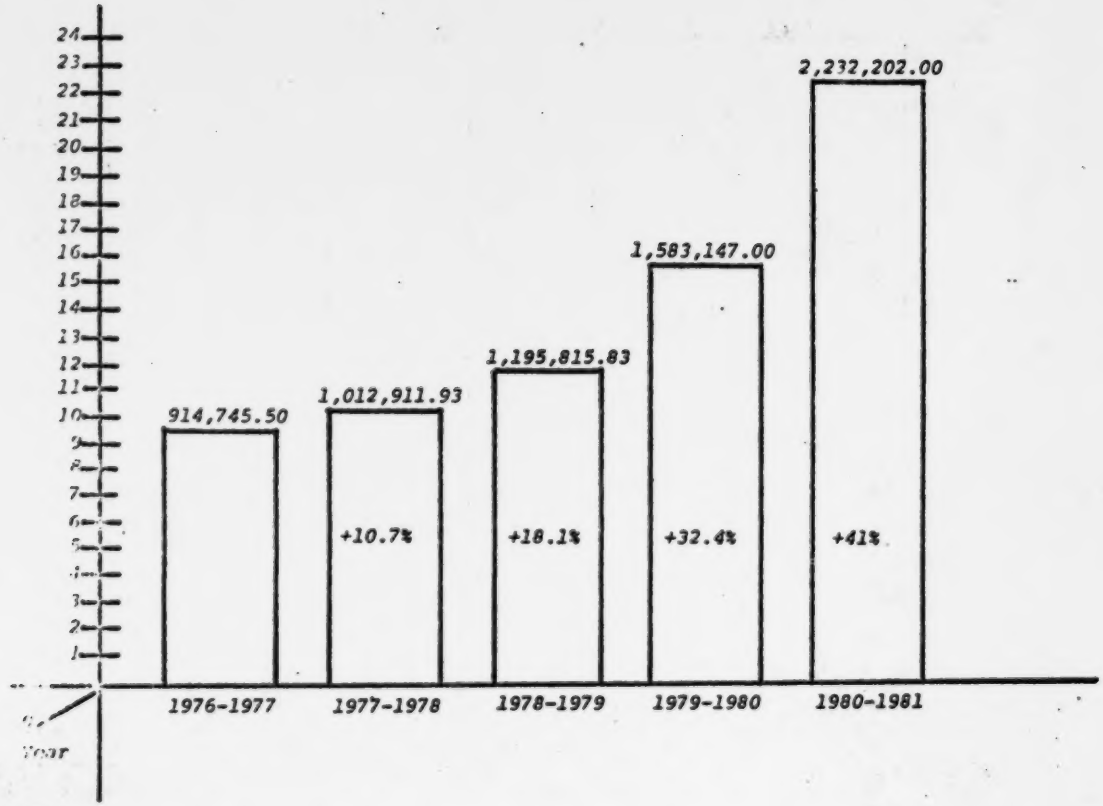
MAINTENANCE EXPENDITURES



ATTACHMENT 9

UTILITY COSTS



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Chairman PERKINS. Mr. Barnes from Mission, S. D., go ahead.

STATEMENT OF GLENN BARNES, SUPERINTENDENT, TODD COUNTY SCHOOLS, MISSION, S. DAK.

Mr. BARNES. Mr. Chairman and members of the subcommittee, I am Glenn A. Barnes, superintendent of the Todd County School District, Mission, S. Dak., where the entire school district is located on the Rosebud Indian Reservation.

I appear before you this morning to speak to the importance of impact to those public schools whose districts contain nontaxable Indian lands. Most of the schools of this type are in the "Super A" category and in many cases, the majority of students live on the nontaxable land and impact aid payments make up a significant part of the school budget.

It has been firmly recognized that there exists a special and unique relationship between Indians and the Federal Government. This has been established by treaties and laws signed and passed over many years. It therefore follows that there is a recognized obligation on the part of the U.S. Government for services to Indian people especially those still residing on reservations or Indian lands. Neither the States nor the local school districts made the decision that Indian lands were tax-exempt. This decision was made by treaties or by Congress.

A report of the "Administration and Operation of Title I of Public Law 874," 81st Congress by the Commission on the Review of the Federal Impact Aid Program as submitted to the President and Congress urged that Congress recognize that the United States has a special and unique obligation with respect to Indian children and that impact aid is one of the several means by which the United States can, in part, satisfy that obligation.

Mr. Chairman and members of the subcommittee, if we can accept the Federal obligation for Indian children attending public schools and living on Indian lands then we should also accept the obligation of the Government of the United States to adequately fund that education. This brings me to the real reason we are here today and that is to bring to your attention the serious problems facing public schools with Indian impaction because of the major reductions in impact aid funds to date with additional cuts proposed by the President for fiscal year 1983.

There are about 689 school districts with students living on Indian lands. About 200 of those school districts have an enrollment of 20 percent of A category students. These are students living on federally owned or controlled tax-exempt property, regardless of where they work.

While I am speaking on behalf of all Indian impacted districts, I believe that I can best illustrate the impact of the loss of funds to date as well as the coming year by using our own district as a somewhat typical example.

The Todd County School District has an enrollment of about 1,760 students with an 82-percent Federal impaction. Two-thirds of the land in the district is nontaxable and impact aid makes up 56 percent of the total general fund budget.

Mr. Chairman, for the purposes of illustration, I would like to use the round number of $1,000 as the entitlement received by our district for each A child.

Starting in fiscal year 1981, there was a 5-percent recession of entitlement bringing the $1,000 down to $950. It is my understanding that the fiscal year 1982 payments will equal 86 percent of 1981 payments. The $1,000 entitlement figure now becomes a payment of $817. The administration is proposing that the 1982 impact aid payments for A children only be at 80 percent of 1982 payments. Mr. Chairman, the $1,000 entitlement figure now becomes $653.

I indicated earlier that impact aid made up 56 percent of the general fund budget. The existing cuts plus the one proposed would in effect reduce our total budget almost 20 percent. When we take into consideration the cuts suffered in fiscal year 1981 and fiscal year 1982 and looking at the proposed cut for fiscal year 1983, in our judgment the continued operation of the Todd County School District beyond school year 1982–83 would be extremely doubtful.

Under the formula of proration reductions based on prior year payments, the school district with the greatest degree of impaction, and therefore fewer options of producing revenue, would be the most severely affected.

I have yet to receive an acceptable answer from either the President or Congress as to how local districts are going to replace the funds lost through Federal cuts to impact aid.

I would like to quote on paragraph of a letter sent by South Dakota Gov. William Janklow to President Reagan on April 12, 1982, concerning impact aid. I quote:

> In testimony before the House Labor, Health and Human Services and Education Appropriations Subcommittee 3 weeks ago, Monika Harrison, Acting Secretary for Elementary and Secondary Education, said that the fiscal year 1983 Impact Aid request "will be offset by increased State and local contributions and/or by more efficient use of funds"—that statement is completely incredible.

The States cannot and should not be expected to assume a legitimate obligation of the Federal Government for the education of children living on Indian lands. As far as the local districts being able to pick up the loss of the impact aid revenue, I would submit that the administration officials have not visited the typical Indian reservation.

With the loss of impact aid revenue to heavily impacted Indian districts there will first be a corresponding reduction in quality of education received by the students and in not a few instances schools will be forced to close. In the latter case will the students then go to Bureau of Indian Affairs schools? I believe that you would agree with me that this would not be a viable option from either an educational or economic standpoint.

As an example of the latter point, the Todd County School District has, for the past 25 years, been operating four elementary schools that still belong to the Bureau of Indian Affairs. These four schools have been operated as part of our system involving approximately 550 Indian students. The only cost to the Federal Government for the operation of those schools is the impact aid payment. The cost then to the Federal Government over those years has been minimal when compared to what it would have cost, or will cost, if operated by the Bureau of Indian Affairs.

It is difficult for me to understand the attempt of the administration to reduce funding for the education of Indian children. In my opinion, education is the one remedy that the Federal Government can make to undo the ill effects of "forced dependency" on generations of Indian people. Education is the only way that Indian youth can break themselves out of a "ward status" and become contributing members of mainstream America.

The illustration of what would happen to one Indian impacted school district is not an isolated case. Similar situations to a greater or lesser degree would occur in other school districts in South Dakota, Arizona, Nebraska, Montana as well as the other States where nontaxable Indian lands are located.

Mr. Chairman and members of the subcommittee, we look to you and your fellow members of the House of Representatives and to the Senate to increase the level of impact aid funding back to 1981 entitlement figures, as adjusted for inflation, so that we can continue our efforts to provide quality education for Indian children.

Without your help and strong leadership we cannot hope to reverse the direction that the administration has apparently charted which would drastically reduce educational opportunities for Indian children in public schools.

Thank you for the opportunity to appear before you and express our concerns.

Chairman PERKINS. Thank you very much. Our next witness is Dr. Fish. Go right ahead, Dr. Fish. Identify yourself for the record.

STATEMENT OF DAVID FISH, DIRECTOR, SPECIAL PROJECTS, SAN DIEGO UNIFIED SCHOOL DISTRICT

Dr. FISH. My name is David Fish. I am director of special projects for the San Diego Unified School District. Thank you, Mr. Chairman, members.

I am concerned about the future of impact aid because San Diego is the home port for a large portion of the Pacific Fleet. 0ver a fourth of the fleet is home-ported in San Diego, and over 22 percent of our children are from federally connected families; 8,000 of those children actually live on Federal property for which we receive no property tax; 16,000, of whom 8,000 are military families, are category B students.

Now, those children's parents, most of them, work in the 15 military installations within the boundaries of the San Diego Unified School District. Our community has billions of dollars of land off of the property tax roles. It has a curious effect.

It makes San Diego have about the lowest median average family income of the major urban areas in California. The recently released census data will show that this fact conclusively—I attempted to get it for this hearing today, but it was not yet generally available. The point is that our community, while we are a Navy community and most of us are ex-Navy personnel, our community does not get wealth from the Federal Government. The people that come to our community require additional services whether they live in the Federal housing or on the local economy as B students.

Many of the personnel do not pay income tax in California because of the soldiers and sailors and refact. They purchase their

goods at commissaries and Navy exchanges. They go to naval hospitals for their medical care.

They are not a participant fully in our economy while they are a recipient of the benefits of our educational system, and we serve them well. Our test scores recently released show that our students in all areas are scoring above the national average in the CTBS—California Test of Basic Skills—so we serve them well.

Last year because of the effects of proposition 13 in California and the general economic climate, our district had to reduce services in the maintenance areas. This coming year we have an $18 million shortfall. Two years ago, we received $14 million of impact aid. This current year we will receive $6.7 million.

Our financial condition is, in large part, directly attributable to reductions of impact aid. Incidentally, the number of children that we have from military families has stayed very constant. The effect of these $18 million in cuts has forced us to divide our levels of expenditures into four types: level 1 was State and Federal mandates; level 2 was other classroom services, level 3 was supplemental student services and 4 were services to the community.

Chairman PERKINS. Let me interrupt you for just one question. You said in fiscal 1981 you had $14 million, in fiscal 1982, you had $6.7 million. How has that affected your operation out there?

Dr. FISH. Well, I think, Mr. Chairman that the $14 million was 1 year prior to that. That was $13.9 million in 1979–80. This year it was dropped to $6.7 million. What we are closing now, we have exhausted our reserves and the things that we are cutting back on, on May 11, we will make a report to the board to report those activities that we must reduce.

Now, among those activities that will be reported, I believe that we will recommend cutting out the community school service which served the military families because they had inadequate support services from the Federal Government, the counseling services to students among which the military families require a great deal.

We've had to cut into our support in the vocational-educational areas. Now, I'm not talking about those programs which have been funded under legislation authorized by this committee, but I'm talking about those services which we provide. We will have to cut back on our own district compensatory education program in order to equalize benefits to the students in order to more effectively use the funds of title I. We have maintained at our own expense from our own resources a district compensatory education program to supplement the Federal Government. That will probably go.

We also are in the process of closing a number of schools. I don't know what the number is. The Citizens' Committee is now working on that. But that is not very good for morale in the community to close schools in one area because the Federal Government does not meet its obligation.

We find it rather incongruous that here in Washington the program is considered discretionary. We consider that impact aid is a payment for a service. North of us is Camp Pendleton. North of Camp Pendleton in Orange County is the Irvine Ranch. The Irvine Ranch was sold for hundreds of millions of dollars and is now being developed as a community. The property tax in that area would

pay for the schools. The sales tax and other would provide additional services.

At Camp Pendleton, the military will build the roads, build the buildings. They will pay the utilities bill, but they will dump the kids on the surrounding communities to be educated. Impact aid is the payment for that service.

We have a similar situation in San Diego. We have a very urgent need and we are absorbing at the local level with no ability to raise taxes the effects of the cuts in impact aid funding.

I pay my taxes. I pay State income tax, sales tax. I can't buy at the exchange, but the education of my children who participate, one of whom is in a magnet school in a ghetto area, my students' educational program will be cut because the Federal Government takes advantage of the ability not to pay property taxes and I resent it.

Thank you.

Chairman PERKINS. Thank you for your statement. Your prepared testimony will be received into the record without objection.

[Prepared statement of Dr. Fish follows:]

Prepared Statement of Dr. H. David Fish, Past President, National Association of Impacted Areas Schools and Director, Special Projects, San Diego Unified School District

Mr. Chairman and Members of the Commission,

On behalf of the National Association of Federally Impacted Schools, I appreciate this opportunity to appear before you to present testimony on Public Law 81-874.

Our organization consists of representatives of school districts that receive Impact Aid. Its main function is to provide information to the districts concerning the program and to coordinate efforts to generate adequate funding levels. We consider Impact Aid an appropriate response to the federal government's obligation to local school districts. Our organization does not establish priorities within the program. We believe that the federal responsibility extends to all the constituent elements of the Impact Aid program; to Indian land children, military dependents, low-rent housing students and other federally-connected children. We do not always speak with a single voice regarding questions of programmatic restructuring. All of the officers, myself included, draw our salaries from our local school districts and are charged with other activities besides Impact Aid. Our organization has extremely limited resources. However, because our organization is so broadly representative of the types and sizes of districts that received Impact Aid funding, we are able to present some relevant points about the program and its operation.

THE FEDERAL OBLIGATION

The basic problem concerning Impact Aid has been the persistent refusal of the Executive branch to acknowledge the federal obligation to communities affected by federal activity. Why this is true is open to speculation. School officials have tried time and time again to open a dialogue with the civil servants and administration appointees. These attempts have been unsuccessful. It seems that as certainly as there will be a federal budget proposed each year, included in that budget will come a call for a reduction in Impact Aid funding. To support these proposals little if any data, reasoning or evidence is offered. As former Secretary Califano noted, it was "the annual rite of spring." This refusal of the Executive branch to acknowledge the existence of any federal obligation to affected schools is the heart of the problem.

We, as school officials, see these trips to Washington year after year as an exhausting exercise in debt collection. I want to emphasize this analogy. To the local community, the federal government owes a debt for educational services rendered just like every other householder or employer in the community. The Administration officials say this is a state responsibility, and the state officials say that the problem was caused by the federal government and the obligation--if you will, the debt--is owed by them. The locals propose that tuition be charged to federally-connected pupils or that they be barred from school because they are a drain on the local taxpayer. This is the irony of Impact Aid. It is the same story told each year by the federal government. The first answer is, "We don't owe the money," the second story is, "We will pay five, ten or twenty cents on the dollar." I submit this is not fair. This is not just. The survival of a quality education to the millions of children educated in the thousands of schools which are affected by the policy of the federal government depends on every part of the community, including the federal employers or landowners, paying its share of the educational services provided.

I. IMPACT AID IS A DEPENDENT PROGRAM

The federal government has grown. Impact Aid is a direct result of federal activity. As such it is a dependent program. Because Impact Aid entitlements to eligible school districts are based on the number of federally-connected children, the size of the program is directly dependent on the size of the federal government. A major criticism of the program is that it has grown too large and too fast. The simple fact is that the federal government has grown. The General Services Administration has reported that:

-Federal civilian employment has grown from 1.9 million employees in 1950 to 3 million in 1979.

-The uniformed services personnel grew from 1.46 million in 1950 to 2.78 million in 1978.

-Federal tax exempt land has grown from 405 million acres in 1953 to 742 million acres in 1977. The value of this has tripled since 1953 to a total of $101 billion. This is $101 billion in federal tax exempt property.

The cost of education and the number of federal mandates has increased. The total cost for educational services has grown. In 1950 the average per-pupil cost was stated by the National Center for Education Statistics was $209. In 1978 the average cost of educating a single student was $1,578. The local school district is charged by law in most areas to provide educational services to all children within the local jurisdiction. This is a local mandate. Moreover, the federal government in the last two decades has added additional mandates in the specific type of service that must be offered.

II. FEDERAL ACTIVITY AFFECTS THE LOCAL SCHOOL DISTRICT

School districts are still heavily dependent on local property tax revenue as a source of financial support for educational services. Without an adequate tax base for most systems, appropriate education is an impossibility. One underlying justification is, and has been, the fact that the federal government owns $101 billion in tax exempt land. This fact means that the school district in which this tax exempt property is located is forced to provide services from a reduced or nonexistent tax base. Federal activity in a community also results in burdens to schools by virtue of the presence of federally-connected children within the school district. It is important to recall that a major reason for creation of the Impact Aid program was the fact that certain communities refused to educate children from federal installations or required tuition payments to recoup the costs of providing services.

Characteristics of federal ownership include the fact that the federal government does not pay property taxes and it is through property taxes that services at the local level are provided. Some services used by the non-taxpaying property are actually provided on the installation by the federal government; as an example, police, fire and health services. Other services are purchased from suppliers; utilities, water and some medical services. However, education services that can also be attributed to employees from federal property are only reimbursed through the mechanism of the Impact Aid program.

The federal property owner is unlike any other property owner because it has the power to condemn land and to ignore many local laws and ordinances. For example, in the provision of housing on federal property, the military does not have to comply with local zoning or make payments to school construction that are now being required of private developers.

Federal property and the increasing activities are not evenly spread across the country. But by the very nature of the responsibilities undertaken, they are concentrated in those areas and communities where it is considered necessary for the protection and welfare of the nation to provide a service or establish military bases. However, federal activities do not always impose a burden on the schools corresponding to the amount of property that the federal government holds, and in some cases the federal government even constructs housing with the intent, enforced through regulations and guidelines, that it be provided for low-income families with school-age children.

The federal government, as an employer, transfers personnel from one installation to another to accomplish federal policy. However, unlike civilian employees, military employees are under long-term contracts to an employer who transfers them often. Therefore, the federal government is under an obligation to the military to ensure that they and their families receive adequate services in all of those communities where they are forced to live because of their military obligation.

For the resident of low-rent housing, the burden placed on the community is very similar. Low-rent housing was not developed in a plan to systematically spread the housing through all communities, but rather was concentrated where poor people were located. As a practical result, the school district educating children from low-rent housing, has a higher percentage of students from low-income families who need more high-expense services.

Because of the nature of federal activities and personnel and transfer policies, the federal government, as an employer, places additional burdens on the school district's basic budget to provide the same services that are normally provided for other students. The majority of the military are in the lower paid ranks. The relative low differential can be shown by the number of federal children who are receiving free and reduced-priced meals in the schools and, in fact, these children qualify some schools for inclusion in the compensatory education program.

III. IMPACT AID IS AN EQUITABLE METHOD OF MEETING FEDERAL OBLIGATION

The Impact Aid program as currently developed for entitlement is based on the cost of providing the services two years prior to the year of expenditure. Therefore, it maintains a degree of equity in its basic formulation because, unlike many school and federal formulations, it reflects the actual cost experienced and proven by school districts in a relatively recent year. Although the funding has not been appropriate to the levels of these entitlements, the operation of the program is both realistic and fair. If the property were taxed, then the tax rates would have reflected the changes occurring in inflation.

Impact Aid is provided to school districts based on an actual number of students in attendance in the year for which the payment is made; Impact Aid only pays for the children actually served. If the federal government reduces the activity at a military installation or abandons a housing project, usually the community tax base will not be directly affected by that change of status of the installation, but then the number of federally-connected children will be reduced--again, emphasizing the point that the program is a dependent program and a payment for a service.

Communities will be seriously impacted by any sudden shift in federal activity. If activity increases, communities will suffer if they have not had to provide the services before and they do not have broad enough general support for their school districts from other resources. Conversely, if the community has built schools and staffed them to provide services for a base that is suddenly reduced or closed, the community will be stuck with both the indebtedness and the contracts for a number of years.

IV. THE WASHINGTON PERSPECTIVE

In no other program is the distance between Washington and the local community so great. Every year the program is called "unessential," "unfair" and other choice adjectives. It is easy to attribute the negative attitude to the appropriations struggle in which federal bureaucrats want to take money to further their own programs, which by definition are "essential" to them. However, upon reflection, a more basic problem is indicated, and the problem arises from the complexity of the federal government and its myriad activities. Impact Aid is an education program that is necessary when the federal government undertakes activity in various communities. However, activities in defense, housing, and other national interests are the responsibility of one agency or department, while the Impact Aid program resides in another agency and the schools are operated by another level of government. We can consider the support of Section 6 schools, those schools operated by the Department of Defense, as a payment to another agency. Since the Department of Defense operates schools on military bases, the Department of Defense strongly supports funds for Section 6 schools in the budget process, and every year the appropriation has been increased.

The separation of responsibility, support and operation of the Impact Aid program extends from Washington to community by the various federal agencies with local school districts. A very current example has been in Nevada where federal authorities charged with the responsibility of implementing new missile programs and developing the supporting bases have informed school superintendents that the federal government will give aid to communities that will experience the influx of a large military establishment in an isolated and sparsely populated area. However, at the same time, the new proposed budget for fiscal year 1983 would reduce the one program that is capable of providing that assistance to schools.

Impact Aid has not been understood within the Department of Education. The legislation establishing education programs administered by the Department of Education includes the specific requirement that the federal funds be used to "supplement and not supplant" basic local district programs. However, Impact Aid is intended to support the basic programs in the school districts educating federally-connected children. The students are in the school district because of federal activity that does not contribute to education through other means. By comparison, all other federal programs are directed to provide special or additional services to meet the needs of an identified category of student. Since most of the staff at the Department of Education spend the majority of their time implementing or enforcing categorical programs, federal funds going to local schools without categorical controls are obviously less important to the Department of Education staff. Impact Aid has relatively few people at the federal, state or local level who spend their time working on paperwork and administration of Impact Aid.

V. THE LOCAL PERSPECTIVE

To the local community, Impact Aid is an excellent program in concept. Several features are outstanding in meeting the needs of the local community and allowing the federal government to operate efficiently and fairly. Some generalizations about the program can be made:

1. Impact Aid allows for local control and responsibility for education. In providing support for the basic instructional program, it allows the local school board whose members are, after all, elected and charged by the local community with overseeing education to make the basic decisions.

2. Impact Aid program operation does not separate the federally-connected children from the local communities to make them cases for public resentment, or segregate them from other students as does occur with any program that establishes a separate category of service. At the same time, community resentment about the special status of the federally-connected children and their tax-free housing, commissaries, and exchanges is reduced by the awareness that the community at least receives a partially compensating offset from the federal government.

3. Impact Aid provides aid to school districts with the lowest administrative cost of any federal program. The administrative cost must be considered in both district charges and in personal time. It is possible to operate an Impact Aid program without distorting the educational operation of the school system and without claiming a disproportionate amount of administrative time as occurs in the other entitlement programs. Impact Aid does not require additional staff, office space, paperwork and administrative detail. Therefore, we consider that the Impact Aid dollar provides a higher level of productivity than any other program.

4. Impact Aid does not increase the cost of basic education for all students because it does not require additional services from specialized staff and professionals such as psychologists, consultants, accountants and others who are necessary to keep track of the regulations, financial transactions, and other burdens. In a larger sense, the provisions of support to the basic instructional program enables the school districts to operate with more money for the education of children as determined by themselves instead of diverting money to support priorities that have been directed from the outside. This is the emerging issue in education in the 1980's.

The local school districts consider Impact Aid not only as fair but as effective; because, as general revenue, more of the funds are spent on educational services for children than any other federal program. Since the school districts are responsible to the local community, the accountability for Impact Aid and other general funds is better and more complete. From the local perspective, Impact Aid is the best program.

VI. SAN DIEGO AS A REPRESENTATIVE CASE

The best case for Impact Aid is to examine the program's operation and justification at the local level. For this, I naturally have chosen to present the example I know best, the San Diego Unified School District.

In 1980-81, the San Diego City Schools average daily attendance was 108,575. Of this figure, 15,308 represents students who either live on federal property or whose parents work on federal property; and 8,310 represents students who live on and whose parents work on federal property. While the funding received for the federally-connected students has decreased substantially over the past few years as a part of our total revenue (5.97% in 78-79, 4.99% in 79-80, 2.96% in 80-81), Impact Aid is a vital part of the basic educational program support for our school district.

This year, as in past years, a proposal has been made in the President's budget to fund only the Category "A" students (those who live on and whose parents work on federal property), and to not fund the Category "B" students in school districts. The administration has accepted that the cost of providing education to Category "A" students truly represents a financial burden on school districts.

If the Category "A" student is accepted for Impact Aid payment, then the Category "B" payment should also be made because the Category "B" student usually lives on

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taxpaying property, but has a parent who is in the uniformed service or who works on nontaxpaying property, or the student may live in nontaxpaying low-rent housing. Congress commissioned the Battelle Institute and the Stanford Research Institute to study Impact Aid. Both reached the same conclusion. The Battelle Report concludes:

> *Considerable controversy exists over whether the children who live in privately owned dwellings should ever give rise to Public Law 874 payments. Although the proposal was rejected by the Congress, the administration did recommend confining impact aid to 3(a) students in its fiscal 1970 budget proposal.*
>
> *While having considerable reservation over payments under certain circumstances to be described in later chapters, Battelle can find no logic to exclude payments for all of the (b) pupils. The analysis of economic burden developed in chapter 2 would indicate that circumstances do exist where 3(b) pupils alone do place a burden upon a school system.*
> (Battelle Report, p. 68)

The Stanford Report has stated the same premise, in similar words:

> *It may be noted that once the burden principle is accepted, there is no reason to exclude Section 3(b) pupils from eligibility; these are pupils who live with parents who either live or work on federal property, but not both. They are almost entirely the latter, i.e., pupils whose parents work on federal property. Their eligibility rests upon the fact that school districts are generally unable to maintain, with reasonable effort, levels of expenditure derived only from residential property taxes. The burden is created by the absence of taxes on places of work. The burden in each district depends upon the balance of residential and business property in the district, and may be negligible for a predominantly bedroom community. Nevertheless, there is no justification in principle for excluding the 3(b) pupil form payment.*
> (Stanford Report, p. 8)

I would like to use San Diego as an example to show that Category "B" students also represent a burden and that providing funding to partially support education for Category "B" is also a federal responsibility. In San Diego, this burden is caused by military installations that are inside the school district and occupy the valuable real estate without paying property taxes. A partial list of these installations is:

	Installation	Acres
1.	Point Loma (does not include Cabrillo National Monument, Ft. Rosecrans National Cemetary, San Diego Sewage Outfall, Light House and Desalinization Site)	1,248.20
2.	Anti-Submarine Warfare School	27.38
3.	Chollas Radio Facility	73.65
4.	Coast Guard	22.75
5.	Eleventh Naval District	
	Bureau of Yards & Docks	3.35
	Headquarters & Supply Depot	21.62

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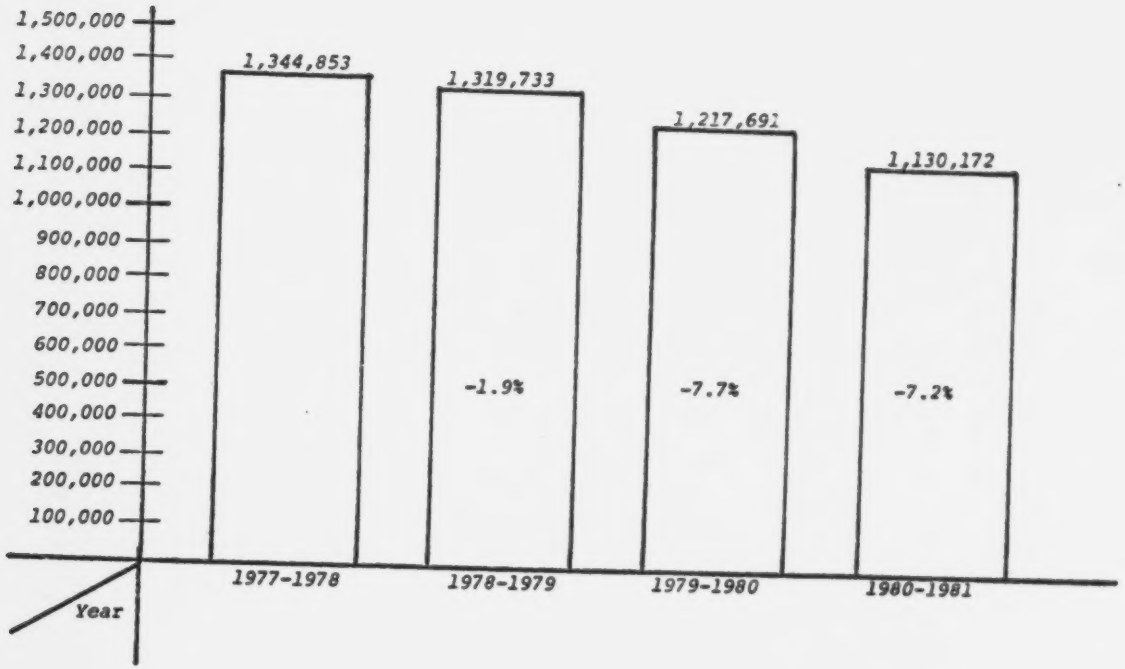
GASOLINE TAX COLLECTIONS

1¢ PER GALLON SOLD



ATTACHMENT 10

Installation	Acres
6. Marine Recruit Depot	503.92
7. Miramar Naval Air Station	15,512.84
8. Navy Athletic Field	28.00
9. Chesterton Housing	145.90
10. Adm. Hartman Housing	152.06
11. Cabrillo Housing	105.29
12. Gateway Village	43.88
13. Navy Hospital	93.66
14. Naval Station	1,491.11
15. Naval Training Center	508.00
16. Sonar School	32.39
17. Navy Pier	5.90

The list is not complete and does not include any of the nonmilitary federal properties in San Diego. The October 1980 estimated market value of the land was $1,717,256,913. This estimate was on the value of land and does not include the value of any improvements. Therefore, a burden is caused by the federal government removing property tax base that normally supports public services, particularly education.

The second major point about Category "B" payments is that they are reduced because of a lesser burden placed on the school district's resources. Again, I would like to use the San Diego example to illustrate the financial difference between Categories "A" and "B".

One major federal installation not included in the preceding list is the Navy housing in Murphy Canyon. In 1980-81, there were 4,752 students enrolled in the schools of San Diego from the 2,321 Navy housing units in Murphy Canyon. The administration's proposal does accept the reality that these children have no property tax directly associated either with where they live or where their parents work, and as "A" students, they would be funded. However, if the child's family moved from Navy housing (and the community has 15,308 children whose prents do provide taxpaying residences but who do work on federal property), the school district received only $79 per child from civilian families and $178 per child from military families for support. The table below shows that the local property taxpayer helps support each student. However, it also shows that while the district received $879 for a Category "A" student, the corresponding payment of $178 for the Category "B" student is not equitable.

	Category A	Category B	Military	Civilian
Cost of education per student	$2,607	$2,286.56	$2,607	$2,607
Impact Aid per student (average)	$ 879		$ 178	$ 79

San Diego is similar to the great majority of impact districts. Very few school districts receive support solely from Category "A". Where Category "A" and "B" students are present in the community, the school district does have a constantly

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changing position as students move from "A" to "B" categories depending on their place of residence. Usually the number of students in either category has varied over the years depending on housing construction programs, federal policies on military personnel, and other changes that are beyond the control of the local community. In providing for educational services, the school district makes no distinction between the federal status of the parent's employment or place of residence. However, the federal government does make a policy of delaying transfers because a school district provides services that are not available in other communities. As an example, the handicapped child is provided an opportunity to stay in a community to receive special educational services and the school district is not consulted as to whether it voluntarily accepts the responsibility of providing this additional service.

San Diego is also a good example of the continued role that Impact Aid has played in the community. The attached chart shows the receipts from 1970-71 to 1980-81 by the school district and the percent of enrollment and budget that was derived from federally-connected children. It is apparent from a review of these figures that the fluctuation in Impact Aid as a percentage of the district's income had not been very great until recently while the federal presence has declined slowly, but more students are living in Navy housing and are now Category "A" students.

Impact Aid Category "B" is a justified and necessary part of San Diego's educational program support. It partially meets a federal obligation and is a payment for services that are not discretionary or cancellable on the part of the local community. The federal government must meet its obligation.

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Chairman PERKINS. Let me ask you, the gentleman there on the left, a question. If the President's 1983 budget were to go into effect, what will be the effect on your Indian children out in South Dakota?

Mr. BARNES. In our particular district, we will be able to operate this next school year, and projecting that type of budget, we would end the year—the 1982-83 school year—without any dollars in the Treasury as of July 1, 1983; getting ready to start the following school year, we'd be flat broke.

Chairman PERKINS. Would you be able to make that up from local sources?

Mr. BARNES. We live on an Indian reservation. We have approximately $5,000 assessed valuation behind each resident child—$5,000. The average in the State of South Dakota—and South Dakota is not a rich State, but the average is about $30,000 of assessed valuation behind each resident child. Two-thirds of our land is nontaxable. Our total assessed valuation runs at about $14 million. We have a margin of about $50,000 that we can raise in additional local taxes.

Chairman PERKINS. Mr. Kildee, go ahead.

Mr. KILDEE. Thank you, Mr. Chairman. I'd like to address some questions to Mr. Barnes to get a feel about how this affects school districts within a particular State. In South Dakota, for example, what percentage of the students attract impact aid for the schools they attend?

Mr. BARNES. Prior to the reduction of the B's, at that time we had 49 districts which would be approximately 25 percent of the districts within the State. Of those 49 districts, 24 of them are "Super A" districts, 23 of those are Indian-impact districts. One is military—the Ellsworth Air Force Base.

Mr. KILDEE. What percentage of the State's total student population would be the type of student who would qualify the school district he or she attends for impact aid?

Mr. BARNES. Sorry, sir, I don't have that particular percentage.

Mr. KILDEE. Could you obtain that, please and send it to the committee?

Mr. BARNES. Certainly can get it.

Mr. KILDEE. Thank you very much. Could you briefly summarize how South Dakota's equalization plan has worked, particularly to help the poor districts? Also, if a substantial reduction of impact aid were to occur in fiscal years 1983 and 1984, could the States make up that difference? Would you continue to function if impact aid were done away with altogether and, if so, at what level?

Mr. BARNES. South Dakota does not have a good program as far as distributing moneys to local districts because the reliance is primarily on local property taxes. The average district within the State of South Dakota gets about 17 percent of their revenue from the State. However, in the case of our district which is a very poor district, about 30 percent of our revenue comes from the State so the equalization formula does come into play to take into consideration districts such as Todd County and other heavily impacted districts.

Now, to answer your last question, what would happen if impact aid was cut out entirely? Our district could not continue to operate.

Fifty-six percent of our budget comes from impact aid. There is no way that we could continue to operate beyond that point when impact aid was lost.

Mr. KILDEE. So that puts a school district effectively out of delivering——

Mr. BARNES. It puts us out of business, and frankly, I don't see any other options where the kids can go because the Bureau has basically gone out of the educational business on our reservation. They have turned the responsibility over to the public schools, and this has happened over the past 25 years.

Mr. KILDEE. What do you view the Federal, State, and local responsibilities to be for the education of Indian students? Could you give the committee some idea about what you feel should be the proper role of each level of government in this effort?

Mr. BARNES. I think of those three, there is a joint responsibility between the Federal Government and the State. The State money that comes into our district comes in on the same basis for Indian children as it does non-Indian children. As far as the local government is concerned—and this is based on property tax—I feel for the education of Indian children living on Indian land, that the local district does not have the responsibility.

The primary responsibility then has to be the Federal Government because, again, our school system is financed primarily through property taxes. And if the property is not taxable, then the Federal Government has that obligation to come in and make up that difference.

Mr. KILDEE. If I could continue just a bit longer, Mr. Chairman?

Chairman PERKINS. Go ahead.

Mr. KILDEE. Thank you, Mr. Chairman. Could you make available to the committee for the record the number of Indian students for whom school districts receive impact aid payments from the Federal Government?

Mr. BARNES. I certainly can. Yes, I can make that available to you. As a matter of fact, I have it in my briefcase. I can leave the numbers prior to leaving the room.

Mr. KILDEE. Thank you.

Mr. KILDEE. Do you know how many school districts nationwide receive impact aid or qualify for impact aid due to the presence of Indian students?

Mr. BARNES. About 690—about 690 in the Nation.

Mr. KILDEE. And how many States would be affected?

Mr. BARNES. I don't have the number of States.

Mr. KILDEE. Thank you very much. Thank you, Mr. Chairman.

Chairman PERKINS. I have some questions for you this morning. I would like to ask all the witnesses, have you received any impact aid payments yet for this school year, and have you been told by the Department of Education the reasons for the delay in getting out the impact aid money? Mr. Barnes, we'll start with you.

Mr. BARNES. Speaking for our district, we did receive an early payment for 50 percent of last year's payments. We received that at just about Thanksgiving time. That's all that we've received so far.

Chairman PERKINS. Have you been told the reason for the delays?

Mr. BARNES. I think the reason that I have been able to hear is that they're blaming it on Congress.

Chairman PERKINS. Go ahead and answer the question. All of you answer the question.

Dr. FISH. Typical of districts that are not as heavily impacted as Mr. Barnes', we received a payment in March of 50 percent of the entitlement for this year which, remember, is a proration of last year. It was 86 percent of what we received for the A's, and 23 percent of what we received for B students last year. And so we received a payment of $3.35 million.

We have been promised in a room of 100 people listening that the final payment, the remaining 50 percent would be made by June 30. However, we have received no paperwork to indicate that yet. The director said we would receive it by June 30.

Chairman PERKINS. Go ahead.

Dr. FISH. For the current year.

Chairman PERKINS. Yes, sir.

Mr. BOBO. Yes, sir, we have received a payment in, I believe, March, of $260,000 plus, and that is all that we have received. We asked for early payment, and we could not get it, and this payment procedure has been a problem all through the years that I know anything about. It seems as though it gets later and later, and it is a problem. But this year, we have received one payment, and as Dr. Fish indicated, indication that we would receive another one.

However, this is a problem with us in the payment procedure as it does come to us. We do need these dollars, and particularly this year at this time of inflation, much worse than we have needed them in the past and, too, in the time that they are cutting the dollars that come to us. But we have received one partial payment this year.

Chairman PERKINS. Now, the Reconciliation Act last year called for phasing out B children in 3 years. Assuming that this phaseout were to go into effect in the school year 1983-84, how would it affect your districts? And again, let me ask you, is there any way to make up for it at the local level? Let's start with South Dakota over there first.

Mr. BARNES. I think this is typical of most of your Indian impact districts. There are relatively few B students, and I think this is probably the case nationwide. Most of the impact students in Indian impact districts are A pupils. There will be approximately 25 districts that will be cut out of any payments in South Dakota with the loss of B money. Most of those, however, are not Indian impact districts.

Chairman PERKINS. Go ahead, Dr. Fish.

Dr. FISH. In California, under the effects of proposition 13, we have nowhere to go to recover the money. Therefore, the loss of the impact aid money—which I have to say, we have to judge it as sort of a 3-year phaseout kind of thing. What is happening is that the burden is being dumped on the local communities. I'd like to point out that in the testimony of the administration, that we could have more effective taxation, the effect will be to attempt to find additional tax sources. We must remember that under the Soldiers' and

Sailors' Relief Act, that those other sources like State income tax, can be avoided by most military personnel. They can also avoid paying sales and other taxes that many other citizens have to pay.

So you also must remember that this is general revenue and the effect, therefore, not as a categorical program—we can't say that person X would be laid off or something like that. That would be untrue. But the general services received by all students will be reduced. We are running very close. We have lost our discretionary power. We are back to our level I, and that is State and Federal mandates. So the ironic situation is that the Federal and State control of local education will be increased because we won't have the discretion to do those things which we consider important outside of the Federal and State.

Mr. BOBO. If we lose the B funding in our system, then we will lose what I think would be a quality education system and we will lose the ability to maintain the military personnel's children that come into our system. They do not want to go to a school system that does not offer a quality school system and they will look, in my opinion, for other schools in that particular area to go to. Now, because of the military installations that we have there and schools that are located on Maxwell and Goddard, they are highly educated people and they are very concerned about the quality of education that their children receive.

So I think if we lose the B payment there, we cannot maintain the quality of education that we are now. I think it will place the accreditation process that we are in now, that we can compare the other school systems throughout the country, in great jeopardy. I don't know how we can maintain it. I think that perhaps we cannot maintain it.

Another thing that we cannot do—we've spent very little money on maintenance of our buildings in the last few years. Our buildings are in need of repair. Some of them are quite old, and we will have to further cut into the maintenance area of our school system if we lose the B payment. We definitely will lose personnel, there will be no question about that. We will lose teaching personnel. We will also lose other types of personnel in our area.

As to how to make this up, if we should lose it, I don't know how we can make it up. I don't think that we can make it up. Our system in my opinion at this point in time does well as far as local support is concerned. We have a half-cent sales tax. We also have our property tax in our particular area and the other surrounding areas in our state, and surrounding areas in our county, and I don't think we can make it up here if we lose this. So I think it will drastically affect the quality of education in our system, and I think it will affect the numbers of our children that we have to come into our system as far as the military is concerned.

I do not think that we can make up this loss. I don't think we've got anywhere to go to make it up at this point in time.

Chairman PERKINS. Thank you very much. Go ahead.

Mr. DIEUGENIO. I have a request for information on behalf of some of our Republican members. Most of the Republican members are attending the Republican conference at this time, and that is why Mr. Erdahl just left and some of them aren't here and why Congressman Parris has been delayed in getting to the hearing.

But the one issue that I would like you to comment on—and especially for the people dealing with the military B students and, of course, the A students, concerns the resolution that has been introduced by Congressman Daub of Nebraska. It is House Resolution 429 and it expresses the sense of the House of Representatives that the Federal program of impact aid with respect to the children of military personnel should be transferred to the Secretary of Defense.

Our members would be interested for the benefit of the record to have each of you comment on that.

Mr. BOBO. It would be our desire to stay where we are, where we have been all through the years and with this committee. This is, in my estimation, an education committee. That we are education people, and it would be our desire to stay with the Education Committee and in this area. We are in desperate need of funds.

I think that anytime you are in desperate need of funds, you have to seek funds from whatever source that you can. Our school systems are trying every way they can to maintain a quality school system and to keep the doors open.

And therefore, it has caused as it would, I think, in anything, to look for sources wherever you can look for sources. However, it is the desire of this group and the desire of our school people and our wish to stay in this area here and to be funded properly as we feel the Federal Government should meet its obligation to the school systems in this area.

I think out of frustration of trying to find and trying to work toward quality education system that we, of course, are doing all that we can. So it is our desire—it is my personal opinion and my personal wish—that we remain in this area and that we receive proper funding, and that is what we are here today to ask.

Dr. FISH. I'd like to follow the comments about the proper funding with the reminder that last year in the debate around and the battle around the Gramm-Latta amendment, that it was the Senate Republican, Senator Tower, and members of the Armed Sevices Committee, who had an amendment of $300 million added on that left the program with anything at all this year. It's not for us to tell the Federal Government how to organize and how to properly support us.

It is for us to say that we believe that there is a Federal obligation here. It does arise by the actions of the various agencies, be they Defense, Interior, other agencies that create the problem. I think that a part of our problem in the education area and the Department and probably at the Office of Education was we are the only general revenue program for school districts. We find it very difficult to compete with very legitimate needs in the education area for the dollars.

We think that we should be in a separate category that says this is like turning on the lights. There is no question about the Federal Government paying its light bill. This is like a light bill. This is a cost that results from Federal activity, from Federal treaties, from the ability of the Federal Government to escape from paying taxes, to enable their personnel to escape from paying taxes.

So as long as the Federal Government takes advantages of those policies, they have an obligation. Just as the fact that because it is

supreme sovereignty that we think the Federal obligation is being failed to be met. We think one of the reasons that we lose out here in Washington is that we don't have a large army of Federally supported personnel to play the cocktail party circuit. If we had a large number of bureaucrats in Washington whose livelihood depended on our program, they would all talk it up. Now, we have actively run into resentment by people because they don't have those controls. And I would hold our program up for Republican members. I would hold it up as the optimal block grant.

We were audited this past year, and there were two cards out of 24,000 that were challenged—two; a total of $400 out of several million. I hold this up for any program. And the use—why do we fight so hard for these funds? Because we can use this money to meet needs determined by our local school boards. Why are we in trouble? We have nobody who is identified as the impact aid staff at the local level; with our 24,000, we have one accountant and one clerk who handled that program.

All of us here have other responsibilities in the district. This is a supplemental duty coming here to Washington and so on. So I think this program should be supported. We would like to stay with education, because education understands it and there is good leadership here, because of the concern for the welfare of our children. I think that the Defense Department should very properly aid us and urge us on to support the welfare of the military child as Interior should support the Indian districts for the welfare of the Indian children. We think the administration properly belongs with the educational entity.

Mr. BARNES. I would just like to follow up on your question, and Mr. Bobo addressed the military districts and the Department of Defense. It is our concern that if the military impact schools would be funded from the Department of Defense, that would leave the Indian Impact District somewhere—either Department of Education or the other option appears to be the Department of the Interior, the Bureau of Indian Affairs. And we have been in contact with Indian Impact Districts throughout the United States, and they also have the support of the tribal groups in their districts, and there is not one that is totally opposed to moving the funding of impact aid for Indian districts into the Department of the Interior. We very definitely want to stay as the Department of Education.

Mr. KILDEE. Mr. Chairman? You responded, Mr. Bobo, that you would not want to see that type of transfer. In the Reconciliation Act conference committee last year, I believe we transferred the funding of section 6 schools——

Chairman PERKINS. Mr. Kildee, if you'd take my seat a few minutes?

Mr. KILDEE. We transferred that budget authority to the Department of Defense, but kept the administration of the program in the Department of Education. Do you think such an idea might be acceptable in this case?

Mr. BOBO. I think that we would prefer it to remain as it is, through the process here and through the process of the appropriation through Congressman Natcher's subcommittee. It is my understanding that he is having hearings there tomorrow and a goodly number of Congressmen are going to testify there.

I think this is an education function, and I would like to see the Federal Government meet its responsibility here. I think if you go in a different direction of which, you know, that may have to be because, again, school systems have got to find a way to keep the doors open. But I personally do not think that that would be the way I would like to see it, and I think that we would all like to see it stay as it is but properly funded. Now, if it has to be that way; and I think that section 6 situation was, in my opinion, trying to find some solutions to problems at this point in time. Section 6 rules are controlled by—are on base, and are administered by the Defense Department, but our schools are not, in any way like that, and I think it would be better to stay with the committees as we now have them and with the Appropriations Committee as it is now existing rather than to have to go somewhere else. And I think that it is only out of desperation that we are trying to find and seek ways of trying to work something out. I don't know that that will work. That's a long process, and a process that I'm not sure of at all.

This process I do know and I understand, and I think it is the proper process. But I think that not only here but in other areas, that we will have to seek ways or the people will seek ways in this particular area of trying to get more dollars into it. I, frankly, would like to see it stay as it is and to be properly funded.

Mr. KILDEE. If the other two gentlemen would like to comment?

Dr. FISH. I'd like to point out that the solution of having things like section 6 or the BIA schools are incredibly expensive. You realize that, of course, in section 6, the Federal Government pays the entire cost of education, and it is my belief—just doing the simple mathematics on the numbers, and realizing that since these schools are on military bases, they also benefit from probably various things that the military can do for them. But I think they are several hundred dollars over the national average in terms of expenditure, and definitely, they are over the average of the school districts in the areas where they serve, where they are available.

Being from California where we have accepted the responsibility of education for every child in that State, I also resent the idea that a State like Delaware says we're not going to take them. That the Federal Government will pay the entire cost. I don't think it is a very good solution.

On another level, I would say, is it really desirable to have separate school systems developed by the category of the person's parents' employment? I don't think that is a very good thing in a democracy or a republic. I just question—and this is a statesman-like approach. And I think——

Mr. KILDEE. Is it social isolation?

Dr. FISH. It could be. It happens. There are various charges of segregation academies against the section 6 schools in the South. Is that Federal policy? I mean, I don't know. I don't know those schools. I don't want to see the Federal Government set up a system that would enhance that kind of separation in California.

Mr. KILDEE. I was only referring to section 6 which of course, are separate schools. So the division of responsibilities for funding and administration that we created——

Dr. FISH. I wonder about the administrative arrangements. I don't know if those have been completed at the Department of Education and Department of Defense yet. I have not dealt with them on it because it is not our concern, but I think that might be a little awkward.

Mr. KILDEE. Do you have any comment?

Mr. BARNES. No.

Mr. DIEUGENIO. I have one further question, Mr. Kildee. We have noted that the threat of tuition for military families with children in public schools has created tension in some areas. Have any of you experienced any deterioration of the relations with the military community, either in Montgomery or San Diego?

Mr. BOBO. We have very good relations with the military community in Montgomery. It is one of cooperation and one that we work toward, and they work toward having good relations with us. Yes, the question did come to me from the military in our area, would we charge tuition there? It has been asked to other school systems within our State. It is something that has been discussed. We would not like to charge tuition in our area. I don't know that we could law-wise. I don't know that we could law-wide in our area. There have been some in our States that said that, you know, this may be an option that they will go to. But we would not like to in our area. We go back to the point that we would like to see, and the military would like to see in our area, too—the military families that are in our public schools would like to see that the program be funded, be funded to such an extent that we can provide the quality education system. It is the military community that assisted us greatly in getting the local revenue along with 874 that helped us to get to be an accredited school system. It is the military community in that area that worked very close with us on the local support that we've got and I think our local support is good in our area.

But as far as the tuition is concerned, they are concerned about it. It isn't something that they are very concerned about in the areas that they go to. As far as we personally are concerned, I'm not sure legally we could do this.

I want to hit upon one other point here about tuition and other things. In our area, we have said very little about this but we have a large number of special education children in our school system, and that is one area when the military come in—and some of them do have special education children—they want a good education system for the special education children that they have.

And it costs more local dollars now to provide that type service for special education children in our area for people coming in from across this country that we are getting from the State and the Federal Governments. As a matter of fact, special education will be cut—it's my understanding—next year from the Federal level. Here, again, you can put 874 dollars in that. We do not want to charge tuition to Federal-connected students in our particular area, and I'm not sure that we could legally. But it is an option that is being looked at, and a great deal by some.

Dr. FISH. We determined that tuition was anathema to us both philosophically and we didn't think it was reversing a trend of policy of the State of California on public education. However, we

did consider in our discussions the fact that the Federal Government was willing to pay for section 6 schools and pay the entire cost. So the question might be to invent something and let the Federal Government—if they want to have a school on a base—let them pay for it. We decided that was not too responsible.

In the community, we have not experienced the anxiety, though I had a few calls from military families. They were concerned about it. It's a morale factor to them. We have experienced, as we have cut programs in the public schools, that communities where the parents had enough money, that they had set up such things as summer school programs of their own, driver training classes where they contracted with an outside source to provide the program.

Frankly, what that has meant is the military pay schedule such that the military families, therefore, hadn't been able to benefit from these so they've sort of not been able to do what other people could afford maybe, and many of them possibly couldn't afford.

We haven't heard much kickback that it's been the loss of impact aid revenue, although it is well known in the community that this is a problem. And people do not understand when the Federal Government doesn't pay its bills. That's the best way to say it.

Mr. BOBO. I think you will see more of this take place, this and other things like it, unless the Federal Government does meet its responsibility in this area. I think you will see more of this across the country.

Mr. DIEUGENIO. Thank you. No further questions, Mr. Kildee.

Mr. KILDEE. Mr. Parris is not here, but we will leave the record open if he wishes to submit a statement.

[The prepared statement of Stanford Parris follows:]

PREPARED STATEMENT OF HON. STANFORD E. PARRIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. PARRIS. Mr. Chairman, thank you for allowing me this opportunity to express my support for federal funding of the Impact Aid Program.

As you may know, my Congressional District in Virginia is greatly dependent on federal funding for impact aid. Reduction or elimination of impact aid funding would create a significant hardship for the 8th Congressional District where a large number of students from military and diplomatic families depend upon this federal assistance. If impact aid is eliminated or reduced below the 50 percent criterion level, Fairfax and Prince William Counties have the authority under the Virginia state law to charge tuition to military families for the education of their children. This could cause a confrontation if the Department of Defense decides not to reimburse military families for this expense.

Last year, the Omnibus Budget Reconciliation Bill authorized funding for impact aid at $475 million for fiscal year 1982. This figure met the 50 percent criterion provided in Virginia state law to educate military base children without the County charging tuition to military families.

I fully support the President's economic policies and our efforts to reduce the inflation rate and government spending. However, I believe that $475 million is a reasonable level of funding for impact aid. This figure is a significant reduction from the fiscal year 1981 funding level of $757 million which demonstrates our efforts to bring federal spending under control. If the President's proposed fiscal year 1983 figure for impact aid, $286.9 million, is enacted, the 8th District of Virginia will be severely affected.

For example, Fairfax County received $3.9 million for impact aid funding in fiscal year 1982 which was $5.3 million less than the County received in fiscal year 1981. In fiscal year 1983, the proposed impact aid funding for Fairfax County is $1.8 million. You can see from these figures the drastic reductions which have or will occur

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FEDERAL IMPACT AID TO SAN DIEGO CITY SCHOOLS, 1970-71 to 1980-81

School Year	Federal ADA for 3(a)'s	Federal ADA for 3(b)'s	Proration	Rate	Net Entitlement	Percent of District ADA	Percent of District GF Budget
1970-71	6,010	23,531	3(a)'s @ 90.0% 3(b)'s @ 74.5%	$417.49 $208.74	$ 5,917,539	22.21%	5.37%
1971-72	6,076	22,164	3(a)'s @ 90.0% 3(b)'s @ 73.0%	$450.32 $225.16	$ 6,105,555	21.42%	5.08%
1972-73	5,649	21,911	3(a)'s @ 90.0% 3(b)'s @ 68.0%	$493.41 $246.70	$ 6,184,247	21.31%	4.76%
1973-74	5,948	21,326	3(a)'s @ 90.0% 3(b)'s @ 68.0%	$556.86 $278.43	$ 7,018,685	21.42%	5.11%
1974-75	7,168	20,226	3(a)'s @ 90.0% 3(b)'s @ 70.0%	$630.49 $319.24	$ 8,638,890	21.68%	5.46%
1975-76	6,965	20,188	3(a)'s Various 3(b)'s Various	Various Various	$ 4,187,980 3,868,338 $ 8,056,318	21.57%	4.63%
1976-77	7,759	19,446	3(a)'s Various 3(b)'s Various Hold-Harmless "D"	Various Various	$ 5,960,863 4,599,010 1,292,260 $11,852,113	21.99%	6.00%
1977-78	8,292	18,381	3(a)'s Various 3(b)'s Various	Various Various	$ 7,869,935 5,359,418 $13,229,353 *	21.97%	6.01%
1978-79	8,821	17,550	3(a)'s Various 3(b)'s Various	Various Various	$ 9,571,399 4,889,357 $14,460,756 **	23.70%	5.97%
1979-80	8,215	15,796	3(a)'s Various 3(b)'s Various	Various Various	$10,200,065 3,723,899 $13,923,964 **	21.91%	4.99%
1980-81 (Est)	8,311	15,309	3(a)'s Various 3(b)'s Various	Various Various	$ 7,275,521 1,843,946 $ 9,119,467 **	21.62%	Not Available

* Hold-Harmless ** Includes Low Rent Housing

in impact aid funding. Fairfax County would surely have to charge tuition to military families for the 1982-83 school year.

I urge the Subcommittee to report out a bill that will insure adequate funding for impact aid and I hope that the full Education and Labor Committee and the House of Representatives will support this legislation.

I commend the Chairman for holding these hearings at such an opportune time and thank him for letting me express my views before the Subcommittee.

Mr. KILDEE. I want to thank the witnesses this morning for their very helpful testimony. The committee will stand adjourned.

Thank you very much.

[Whereupon, the subcommittee was adjourned at 10:50 a.m.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF DR. EDWARD J. ANDERSON, SUPERINTENDENT OF SCHOOLS, ANNE ARUNDEL COUNTY PUBLIC SCHOOLS, ANNAPOLIS, MD.

Mr. Chairman, my name is Edward Anderson, I am Superintendent of Schools in Anne Arundel County, Maryland, and am grateful for this opportunity of presenting testimony concerning Public Law 81-874.

Anne Arundel County is home to Annapolis, Maryland's State Capital. It is uniquely situated directly in the middle of the Baltimore—Washington corridor, and within its borders are the United States Naval Academy and Fort George G. Meade. Approximately 20,000 acres within the county are occupied by federal installations.

The placement of these federal installations within our county imposes considerable demands on the local subdivision and at this time I would like to make a few brief remarks for consideration.

1. There has been a consistent refusal by the Executive Branch to support the federal obligation to communities affected by federal activity. Each year we attempt, at our individual local levels, to open a dialogue concerning the critical issue of Impact Aid funding. These attempts have been unsuccessful. It almost becomes "the annual rite of Spring" for the proposed level of Impact Aid funding and then the eventual call for a reduction of that level.

2. The Federal Government owes a debt for those education services rendered by the local educational agency. Despite the continuing arguments over the issue of whose responsibility it is to pick up the cost of education of these students, I believe it is the obligation of the Federal Government; the debt is owed by them.

3. The maintenance of a quality education program in our school system is dependent upon every part of the community, including the federal employers or landowners, in paying their share of the education services provided.

4. Our local school district is charged by law to provide educational services to all children within our local jurisdiction. During the past two decades not only has the cost of educational services increased but so have the federal mandates in terms of specific types of services that must be offered.

5. In Anne Arundel County we are heavily dependent on local property tax revenue as a source of financial support to provide educational services to all children within the local jurisdiction. Federal ownership precludes the payment of property taxes. Services used on the non-tax paying property are provided by the Federal Government; police, fire and health services. Other services are purchased from suppliers; utilities, water, and some medical services. Educational services for the employees from Federal property, however, are reimbursed only through the mechanism of the Impact Aid Program.

6. I believe that the Impact Aid is probably the most equitable entitlement program. It reflects, in part, the actual cost experienced and pays only for the children actually served. However, the entitlement has not kept pace with costs of educating youngsters.

7. There is a strong feeling at the local levels that the Department of Education has never truly understood Impact Aid. They have dealt so long with programs that are directed to special categories of youngsters, that there is a tendency to forget a very important fact. Impact Aid supports federally-connected students in school districts where federal activity does not contribute to education through any other means. I would offer as an example the continual support of Section 6 schools operated by the Department of Defense on military bases. The Department of Defense strongly supports funds for Section 6 schools. during every budget process, the appropriation has been increased every year.

Through the efforts of the Honorable Marjorie S. Holt, my staff and I on March 29, 1982, were able to meet with Dr. Lawrence J. Korb, Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). At that time, we presented the following information relative to our costs in educating federally-connected youngsters.

ANNE ARUNDEL COUNTY PUBLIC SCHOOLS

[Analysis of federally connected student costs, fiscal year 1982 and 1983 projected]

	Elementary	Middle junior	Senior	Special education	Total
Number of "3A" pupils: (per Sept. 30, 1981 survey)					
Fort George G. Meade	1,467	377	473	188	2,505
Naval Academy	59	34	44	7	144
Naval Ships Research	3	5	1		9
Naval Radio	11	6	1	4	22

ANNE ARUNDEL COUNTY PUBLIC SCHOOLS—Continued

[Analysis of federally connected student costs, fiscal year 1982 and 1983 projected]

	Elementary	Middle junior	Senior	Special education	Total
North Severn	88	27	20	11	146
D.C. Childrens Center	3	4	6	.....	13
Naval Academy Dairy	5	3	6	.....	14
Total	1,636	456	551	210	2,853
Cost per pupil—assuming State method of calculation [1]	$1,975	$2,394	$2,434	$7,678	.....
Total projected costs for 1982 [1]	$3,231,100	$1,091,664	$1,341,134	$1,612,380	$7,276,278
Cost if all categories of operating budget are included [2]	$2,091	$2,510	$2,550	$7,831	.....
Total projected costs for 1982 (all operating budget categories) [2]	$3,420,876	$1,144,560	$1,405,050	$1,644,510	$7,614,996
Percentage increase in operating budget expected for 1982–83 (average of last 5 years)	8.7	8.7	8.7	8.7	.....
Total projected costs for 1983 (all operating budget categories) [2]	$3,718,492	$1,244,137	$1,527,289	$1,787,582	$8,277,500

[1] The State prescribed method of calculation excludes the expenditure categories of capital outlay, community services and debt service.
[2] Includes categories of capital outlay, community services and debt service.

ANALYSIS OF STATE AND OTHER FEDERAL REVENUE PER PUPIL FOR 1982 AND 1983 PROJECTED

	1982	1983
State revenue:		
Current expense	$37,544,040	$39,208,725
Transportation	8,939,240	9,654,379
Handicapped	6,267,000	6,600,000
Total	52,750,280	55,463,104
Enrollment	67,646	65,427
State revenue per pupil	$780	$848
Other Federal revenue: Handicapped	$1,500,000	$1,700,000
Enrollment	67,646	65,427
Other Federal revenue per pupil	$22	$26
Total State and other Federal revenue per pupil	$802	$874

Both Mrs. Holt and I attempted to impress upon Dr. Korb the urgency of the current situation and that these youngsters were clearly a federal responsibility. Mrs. Holt emphasized to Dr. Korb that "it's the Department of Defense's responsibility to come up with a plan to educate these children and that it was their responsibility to come up with a legislative proposal to take care of it." At the same time, Mrs. Holt said she would be waiting for some action from Dr. Korb so that she could develop the necessary support for legislative action by Congress.

Our conversation with Dr. Korb was very congenial. I offered to assist him in any way possible and that our records and accounting system for determining the costs presented would be open to him at any time. In fact, I would strongly encourage federal officials to work closely with local educational agencies before reaching decisions that have National implications for all youngsters.

Whether our conversation with the Department of Defense will be profitable remains to be seen. However, Dr. Korb appeared to be receptive to everything we had to say.

Prepared Statement of Hon. Barry M. Goldwater, Jr., a Representative in Congress From the State of California

Mr. Chairman, the need for impact aid to school districts experiencing local revenue loss due to Federal activity has not diminished since the enactment of Public

Law 81-874 in 1950. Federal subsidy should be maintained for category "A" children. These are the children of parents who work and live on Federal property.

It has been accepted policy in the United States for over a century, that every child in America should have access to elementary and high school education at public expense. However, it was recognized by the President's Advisory Committee on Education, in 1937, that children of Federal employees were being denied an education in the local public schools. Local revenues were not being provided by Federal workers living on tax-exempt property. These families were forced to send their children to private schools or pay special tuition charges to public schools.

Between 1935 and 1940, school districts were faced with huge economic burdens. President Roosevelt's New Deal brought about a large increase in the number of Federal workers, many of whom were assigned to live on Federal property. At the same time, the Depression caused a decrease in local tax revenues. After the United States became involved in World War II, school districts were bombarded by a large influx of Federal workers who had come from rural areas to work in defense production plants.

School districts faced with financial difficulties turned to the national government for assistance. By 1941, special wartime assistance was granted through the Lanham Act.

Temporary financial help to the school districts was continued after World War II because the localities continued to sustain a loss of tax revenues. Industrial facilities continued to be involved in defense production after the war, just as military installations remained open. School enrollment continued at wartime levels.

In 1950 Congress, recognizing a need for a more permanent policy, passed legislation that would aid federally affected areas (Public Law 874). There is no doubt that American invovlement in Korea placed added importance on the passage of impact aid legislation.

The need for impact aid exists today as it has for the last 45 years. The Federal Government is still responsible for the financial burdens it imposes on some school systems. In my district of California, over 40 percent of the Hueneme School District is on Federal property. At least 25 percent of the Hueneme students are federally connected.

For those families who live on a Federal facility and whose children attend school in the area, some form of Federal subsidy to the school district in lieu of the normal property tax is necessary. This is simply a cost of doing business for the government. Impact aid for "A" category students should be maintained.

OFFICE OF THE SECRETARY OF STATE,
Phoenix, Ariz., February 23, 1982.

Hon. CARL D. PERKINS,
U.S. Representative and Chairman, Education and Labor Committee, Rayburn House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE PERKINS: The Arizona State House of Representatives, Thirty-fifth Legislature, Second Regular Session, 1982, passed House Memorial 2001, urging the President and Congress of the United States to continue funding the impact aid to school districts on Indian Reservations.

The members of the Arizona State House of Representatives have asked me to transmit the enclosed certified copy of this Memorial to you for your consideration.

Sincerely,

ROSE MOFFORD,
Secretary of State.

Enclosure.

STATE OF ARIZONA,
County of Maricopa, ss:

I, Rose Mofford, Secretary of State, State of Arizona, do hereby certify that the annexed document is a true, correct, and complete copy of House Memorial 2001, Arizona State Legislature, Thirty-fifth Legislature, Second Regular Session, 1982, urging the President and Congress of the United States to continue funding of impact aid to school districts on Indian reservations; that I am the official of the State of Arizona in custody and control of the original of said document the legal keeper thereof.

In witness whereof, I have hereunto set my hand and afixed the great seal of the state of Arizona. Done at Phoenix, the Capital, this 24th day of February, 1982.

HOUSE MEMORIAL 2001

A memorial urging the President and Congress of the United States to continue funding of impact aid to school districts on Indian reservations

To the President and Congress of the United States of America:

Your memorialist respectfully represents:

Whereas the State of Arizona contains within its boundaries a large amount of federal trust land on Indian and military resrvations located within the state; and

Whereas these lands are not available to the state or local school districts for the purpose of property taxes; and

Whereas these lands held in trust for the Indian people and the military reservations are federal lands not subject to state jurisdiction and the childen of people who work and live on these reservations receive their education in the public schools of the State of Arizona; and

Whereas for many years, in recognition of its responsibility to provide for the education of school age children who live on federal lands and in recognition of the financial hardship imposed on local school districts by the presence of such federal trust lands, the United States government has provided impact aid funds to school districts under Public Law 81-874, and school construction funds under Public Law 81-815. These funds have enabled the school districts affected to provide a free public education for the students without placing an unreasonable burden on a few taxpayers or relying totally on state education funds; and

Whereas the Office of Management and Budget and the appropriation committees of Congress are contemplating the elimination or severe reduction of federal impact aid funds without proposing any alternative means of meeting the federal obligation to provide for the education of the children in these schools or compensate the affected school districts for the federally-based impairment of their property tax base; and

Whereas elimination of federal impact aid could result in the loss to the State of Arizona of in excess of twenty-five million dollars in education funds. It could cause the local school districts most affected to become totally incapable of supporting themselves, making them completely dependent on state revenues.

Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

1. That the President and Congress continue federal funding of Public Law 81-874 and Public Law 81-815 for school districts with large federal lands since the State of Arizona considers the provision of adequate funding to these schoool districts to be an obligation of the federal government and such funding should not be subject to reduction or transfer to the states.

2. That the Seceretary of State of the State of Arizona transmit certified copies of this Memorial to the President of the United States, the Director of the Office of Management and Budget of the United States, the chairmen of the United States Senate and House of Representatives Committees of Budget, Education and Labor and the Select Committee on Indian Affairs and to each Member of the Arizona Congressional Delegation.

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